



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR NOVEMBER 24, 2008

NATURAL GAS MARKET NEWS

Private weather forecasting service WSI Corp said today that they see temperatures across the United States averaging below normal over the three-month period from December through February. Temperatures in the northeast as well as the North Central region should be below normal for December and February. Forecaster Todd Crawford said that the current cold pattern in the northeastern U.S. should persist through at least the first half of December.

Wood Mackenzie in a research note to clients said it sees U.S. natural gas

Generator Problems

PJM – Exelon’s 619 Mw Oyster creek nuclear unit was at 97% power up 29% from Friday.

NPCC – Dominion’s 1155 Mw Millstone #3 has started to exit its recent refueling outage and was at 18% this morning.

Calpine 1005 Mw Greenfield natural gas power plant in Ontario was taken off line early Monday.

OPG’s 490 Mw Nanticoke #3 coal fired unit returned to service early Monday. The unit has been off line since November 3rd.

SERC – Southern’s 876 Mw Hatch #1 nuclear unit had tripped off line over the weekend. The unit remained off line this morning

TVA’s 1155 Mw Browns ferry #1 nuclear unit restart has been delayed by operators due to a small leak found over the weekend. The unit has been off line since October 25th for refueling.

Southern’s 860 Mw Farley #2 nuclear unit has exited its refueling outage and was at 41% capacity this morning

FRCC – FPL’s 839 Mw St. Lucie #1 nuclear unit has successfully exited its refueling outage and had returned to full power Monday morning. The unit was taken off line on October 19th.

ERCOT LCRA planned to restart its 598 Mw Fayette coal fired Unit #1 over this past weekend. The unit has been off line since October 11 for maintenance.

Luminant’s 565 Mw Monticello #1 coal fired unit, which was shut over the weekend for short-term repairs is expected back online shortly.

MRO- Exelon’s 867 Mw Dresden #3 nuclear unit was at 98% capacity on Monday, up 93% from Friday.

WSCC – Energy NorthWest’s 1131 Mw Columbia nuclear power station was back to full power Monday morning up 35% from Friday.

APS 1314 Mw Palo Verde #2 nuclear unit was shut early Monday. The unit had been at full power on Friday.

CaISO reported today that only 9352 Mw of generation was off line of which 50% were non-gas generating assets.

The NRC reported this morning that 88,484 Mw of nuclear generation capacity was on line, up 2.7% from Friday and 3.5% less than the same time a year ago.

prices should be in for “prolonged period of significant weakness” and will trade in a range of \$5-\$6 per Mmbtu for the next five years. They warned that spot natural gas prices could even move lower if this winter turns out to be warmer than normal.

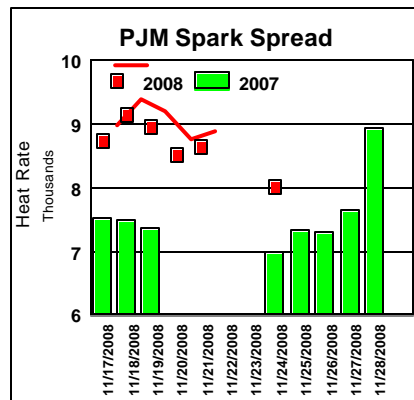
Gulfstream Natural Gas Systems Monday asked the FERC for authorization to place into service next month the remainder of its Phase IV expansion facilities, which will supply natural gas to a power plant in west-central Florida. Gulf Stream is looking to place into service by December 19th three new 15,000 hp compressor units, one at its existing station in Coden, Alabama and two in Manatee County , Florida.

Natural Gas Cash Market						
ICE Next Day Cash Market						
Location	Volume Traded	Avg Price	Change	Basis (As of 12:30 PM)	Change	Basis 5-Day Moving Avg
Henry Hub	853,100	\$6.847	\$0.286	\$0.127	\$0.008	(\$0.242)
Chicago City Gate	859,700	\$6.826	\$0.207	\$0.106	\$0.007	\$0.147
NGPL- TX/OK	475,100	\$6.083	\$0.195	(\$0.637)	(\$0.005)	(\$0.599)
SoCal	439,400	\$5.516	\$0.568	(\$1.204)	\$0.368	(\$1.309)
PG&E Citygate	501,200	\$6.508	\$0.253	(\$0.212)	\$0.053	(\$0.310)
Dominion-South	342,200	\$7.395	\$0.136	\$0.675	(\$0.064)	\$0.803
USTRade Weighted	16,042,300	\$6.443	\$0.208	(\$0.277)	\$0.01	(\$0.242)

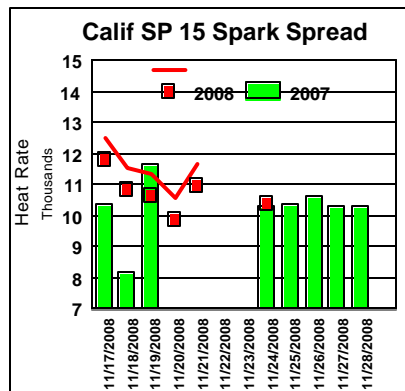
Atlas Energy said today that over the past several weeks it has successfully pioneered the use of a two-stage frac design for five of its vertical wells as part of its

Macellus Shale drilling program. The new design has allowed the company to average initial rates of production of 2.1 MMcf/d, more than double the company’s historical average of 1 MMcf/d at 90 other properties. In addition the frac design appears to indicate that the well exhibits a shallower decline rate than a well having a single stage frac.

China reported that it did not import any spot LNG cargoes in October. Despite spot LNG prices delivered into China falling by 20% since the highs recorded in July, the decline in LPG prices by 40-50% has made it a more attractive alternative to LNG. In addition the economic slowdown has prompted utilities and industrial customers to cut their demand for LNG as well. As a result some Chinese traders do not expect any LNG spot cargoes to be booked for delivery into China through the end of the year.



Shell announced it had reached agreement to sell annually two million tones of LNG to China in a 20 year deal. Part of the supply is expected to come from the Gorgon gas project in Western Australia



PIPELINE MAINTENANCE

Discovery Gas Transmission said its primary vessel has completed the preparatory work for the north end connector and is currently working on the installation at the Hurricane Ike damaged section on the 30-inch line. The company also said that a secondary vessel has completed its portion of a preliminary survey of the 18-inch line. The company noted that repairs to the 18-inch line would be completed in 30 days following the repairs to the 30-inch mainline.

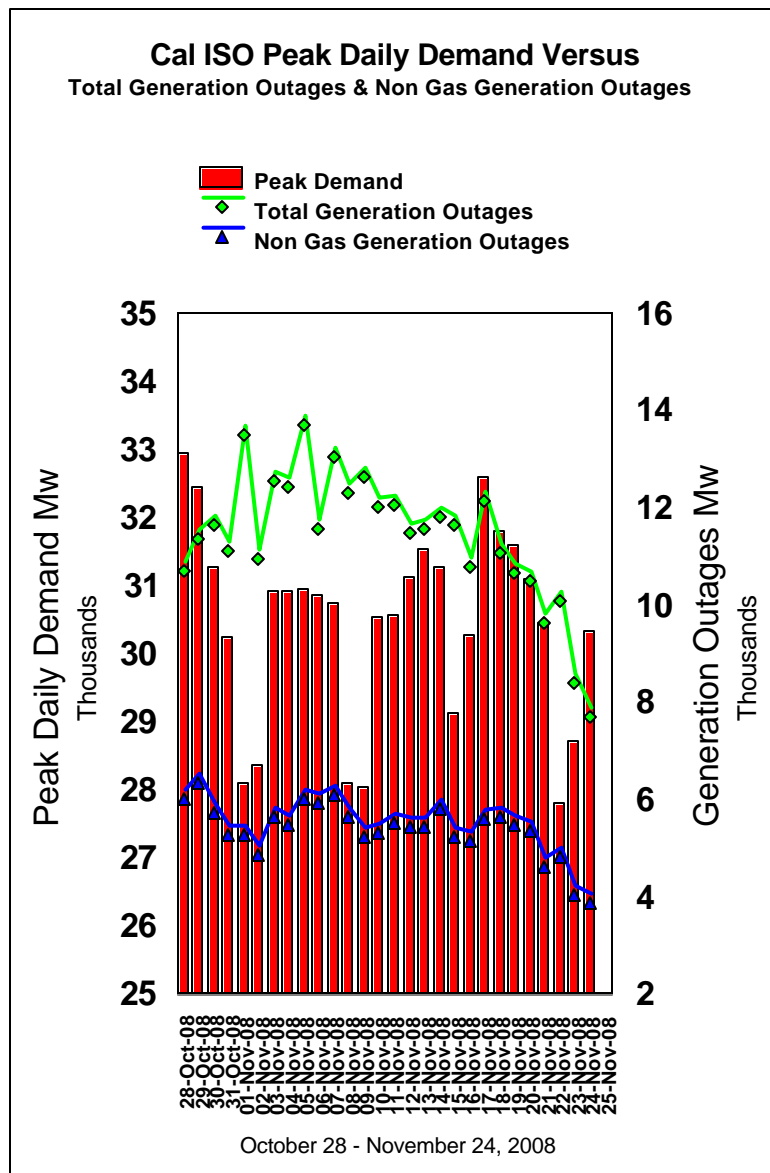
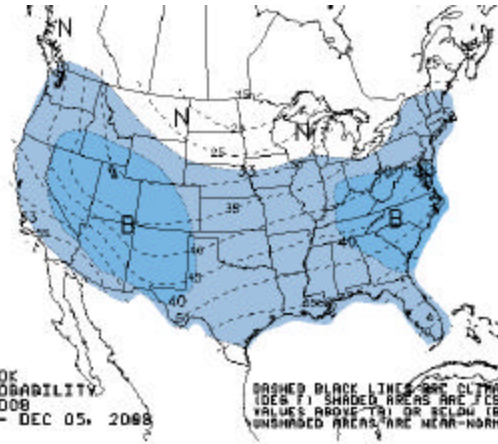
Transco said it has identified a leaking valve on the meter at VK EMP 261A, Meter 2838 on Friday. As a result the company will not accept nominations at this point until repairs are made, which is expect to

take eight days.

SONAT said that as previously posted it currently has one of its pipelines isolated between the Olga Platform and Toca Compressor Station for maintenance and that several impacted points: Bayou Gentilly, Delacroix and Cox Bay will now return to service sometime during the first week of December.

PIPELINE RESTRICTIONS

REX said it has capacity available for deliveries through Segment 650 (Rock Springs to Wamsutter) until further notice.



WIC said it has released the underperformance warning at Lost Creek.. The company also said it has lifted the force majeure at the Douglas Compressor Station.

NGPL said that until further notice it has limited capacity for gas going northbound through Segment 27. ITS/AOR and secondary out of path firm transports are at risk of not being fully scheduled.

ELECTRIC MARKET NEWS

Genscape reported today that for the week ending November 20th, U.S. power output was some 7.2% higher than the prior week and 1.5% above the same week a year ago.

Exelon Nuclear said it is negotiating with manufacturers of alternative reactor technologies for its proposed nuclear development in Victoria County, Texas. The company still has to make a final decision on whether to proceed forward with the plant by 2010.

MARKET COMMENTARY

The natural gas market today saw the December contract expire up 40 cents as it posted its fourth highest settlement for the month, as supportive weather forecasts for below normal temperatures were expected for much of the nation for the next two weeks if not for the whole

month of December. The rebound in the equity and oil markets also lent a helping hand to support the market but the March/April spread though found only limited traction as it ended the day at 3.8 cents. Volume today for an expiration day was rather disappointing with just 127,996 lots booked in the futures and just 139,975 lots booked in the swaps contract.

While it appears that this holiday shortened week could see limited trading volume, we feel a significant rally in prices is not possible if the January contract can not clear initial resistance \$6.876 followed by key resistance at \$6.995 the four month trend line or the 40 day moving average which currently is at \$7.086. The January contract has not traded above this moving average since mid-July. Minor support we see at \$6.64, \$6.572, and \$6.502. Major support we see at \$6.275, \$6.225 and \$5.99.

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